



July 20, 2005	Comments filed by:
Before the Federal Communications Commission, Washington, D.C.	The Computing Technology Industry Association (CompTIA)
In the Matter of Developing a Unified Intercarrier Compensation Regime, Further Notice of Proposed Rulemaking CC Docket No. 01-92	4350 N. Fairfax Drive Arlington, VA 22203 www.CompTIA.org

Public Reply Comments: Submitted by the Computing Technology Industry Association (CompTIA) in response to the Federal Communications Commission's Further Notice of Proposed Rule Making (FNPRM) adopted in the matter of *"Developing a Unified Intercarrier Compensation Regime"* (CC Docket 01-92).

CompTIA is a twenty-two year old global trade association representing the business interests of the information technology and communications industries. (More information is available at www.comptia.org.) For inquiries regarding these comments, please contact: Thomas E. Santaniello, Public Policy Manager, CompTIA Global Public Policy Headquarters, 4350 N. Fairfax Drive Suite 440, Arlington, VA 22203, Telephone 703.812.1333, ext. 204, Fax 703.813.1337, or email: Tsantaniello@CompTIA.org.

Information Technology and Telecommunications Convergence:

Convergence is not a new concept, but in today's information technology (IT) and communications environment, it certainly has taken on new meaning. In the 1960s, the Commission was first faced the issue of "convergence." (*Computer I Notice of Inquiry, supra* note 9, para. 13). At that time, the Commission examined several important issues associated with mainframe computers transmitting data over private or legacy networks. The Commission was, for the most part, addressing an encounter between the IT and telecommunications domains. While it had important long term implications for the computer and telecommunications industries, the consequence of the Commission's action had little immediate impact on most consumers.

Today, convergence means something very different. Years ago, most consumers viewed personal computers (PCs) as word processors or enhanced typewriters. Today's consumers regard their PC dramatically differently, taking advantage of a broad range of available applications and services.

Driven by the adoption of innovative Internet Protocols (IP), ubiquitous local and wide area networks, and computer processing capability, PCs are as much a tool for "communicating" as a tool for computing. Whether it is email, web-casting, online

collaboration, video conferencing, web surfing, blogging, instant messaging, or chat rooms, we have grown accustomed to computer-based communications.

CompTIA defines “convergent technology” (CT) as IT and telecommunications services intertwined as one technology, providing the end user with functionality characteristic of both sectors. More specifically, CT is the merging of voice, video, and data on a network, integrating telecommunications and computer technology in a way that opens powerful new avenues of communication. It represents the intersection of telephone, computer, wireless, cable, and Internet networks. Spawned out of the highly IT competitive industry, CT has enriched both the telecommunications and the information technology industries with its wealth of applications designed to serve the consumer and enterprises.

CT is broadly applicable and rapidly evolving. CT can span different layers of technology, including hardware, software, platform, application, and service layers. Additionally, convergence is occurring at various levels within the IT distribution channel. From providers of backbone network services to providers of customer interface services, today’s markets offer hybrid services. Examples of convergence at the network layer are companies that at one time provided only data services, but today may also offer voice services as well, via traditional circuit switch, packet-based data networks, or voice over Internet protocol (VoIP). At the customer or client layer, there are continually new, hybrid services, such as personal digital

assistant (PDA) devices capable of voice, and data, or such traditional fixed PC applications capable of voice, data, and video.

CT is a boon to our quality of life from both a personal and business standpoint. However, this technological and marketplace development has also contributed to significant public policy challenges. One could describe the challenge as two worlds colliding. The IT marketplace has historically been characterized by little regulation, low barriers to entry and vibrant competitors. Juxtaposed to this is the telecommunications industry, which has been heavily regulated for over a century, with very high barriers to entry, and which in the past was considered appropriate for a natural monopoly structure.

Inter-Carrier Compensation (ICC): Much has been written and said about inter-carrier compensation reform. Unfortunately, little progress has been made.

CompTIA's primary concern is that legacy telecommunications regulations and their inherent problems not be imposed upon emerging Internet Protocol or other information services. CompTIA believes that imposing such antiquated regulations will negatively impact innovation and the overall growth of the IT sector.

CompTIA agrees with former FCC Chairman, Michael Powell, that "today, Internet applications are bringing new competition to old markets and, in turn, ushering in

an era of innovation, lower prices and high quality of services. Just as email and e-commerce were drivers of the narrowband Internet, higher bandwidth applications like streaming video and music entertainment, home networking and Internet voice will be the “killer apps” for broadband. Whether we are talking about Internet voice services, or Internet video and audio services, Internet news services, or Internet commerce, the broadband revolution is bringing tomorrow’s communication and commerce tools to more and more Americans today.” (Chairman Michael Powell, testimony, Tuesday, February 24, 2004, “Voice Over Internet Protocol” hearing Senate Commerce, Science, and Transportation Committee)

“EoIP - Everything over Internet Protocol”:

Understandably, much focus has been placed on VoIP. However, CompTIA believes that greater focus and consideration should be given to the emergence of IP- based, and other advanced data applications. VoIP is just one advanced data application. There are and will be many different types of such advanced data applications which offer two-way instantaneous voice and or video services. Online video games, video conferencing, web-casting, and other such applications offer customers combined voice, video, and data at their choosing. Policymakers’ historical role in regulating voice services is currently being challenged with the emergence of IP- based services. Today’s IP-based communications market is highly competitive and innovative.

The historical premise behind government regulation of voice services had more to do with the assumption that voice communications inherently lent itself to an economic model known as a “natural monopoly.” Other than the historic underlying economic principles associated with voice communications, there are no inherent reasons to regulate audible communications. Voice does not have any inherent features which require government regulation any more than written communications and consumers can, and do, enjoy protection from abuse in markets outside of telecommunications services by a variety of Federal and State agencies. The continual innovation in voice communications technologies presents further challenges in assessing and developing appropriate regulations.

While popular applications have precipitated debate about their appropriate level of regulation, VoIP traffic in the network is no different than email, web surfing, or other data traffic. While CompTIA supports fair compensation for networks usage, we are concerned that IP services could begin to be regulated as if they were classified and regulated as if they were voice telephone services. IP-based services are the leading example of inter-connected data networks today. Using the Internet Protocol, content is divided into millions of data packets that are sent over the Internet and reassembled on the receiving end. Any data packet can be interspersed between other packets of data that support web page traffic, email, video, or VoIP services -- all are information application. The Internet-protocol has blurred the distinctions between applications and devices: a computer can become a

phone, or a web page can be a voice portal. Applying access charges on any class of IP-traffic is a dangerous precedent and imposes legacy access charges adopted for a 100 year old telephone network.

Negative Impact on Small Business: The impact of regulating IP-based services extends far beyond traditional telecommunications providers to the IT industry. In addition to the many larger companies which are well known in the IT industry, there are thousands of small and medium sized IT companies that would be adversely affected by telephone or telephone-like regulation of data services such as VoIP. These small businesses thrive on innovation and competition. In aggregate, they constitute a large percentage of IT sales and, more importantly, they provide the backbone IT and CT services that are needed by millions of small businesses throughout the nation. Given the integration of VoIP models with all other data services and evolving technology, it is unclear which segments of the IT channel would be subject to regulations on VoIP. What is clear is that any such regulations would have a significant economic impact on thousands of small and medium sized IT businesses and the potentially millions of small businesses who in turn are served by these small IT businesses.

There is significant uncertainty over which VoIP models will emerge as predominant. More importantly, at a time when this technology and industry needs capital, innovation and flexibility in order to develop, there is also uncertainty over

the extent to which VoIP could be regulated. This uncertainty is constraining the industry's access to capital and to talent. Current IT markets have not traditionally been regulated as telecommunications services, and any such policy shift would have a tremendously negative impact on this segment of the economy – large, medium, and small businesses alike. Given the evolving state and diversity of the industry involved in VoIP service and underlying technology, CompTIA believes that the Commission should allow these services to develop as enhanced information services in a deregulated fashion.

We also urge the Commission to approve the Office of Advocacy, U.S. Small Business Administration, proposal to conduct a “Regulatory Flexibility Act” analysis on the impacts of the regulation of VoIP on small businesses, as well as to consider alternatives that would minimize any adverse impact of VoIP regulation on small businesses.

Congress established the Office of Advocacy under Pub. L. 94-305 to represent the views of small business before Federal agencies and Congress. Section 612 of the Regulatory Flexibility Act (RFA) requires the Office of Advocacy to monitor agency compliance. The RFA was crafted to ensure that, while accomplishing their intended purposes, regulations did not unduly inhibit the ability of small entities to compete, innovate, or comply with the regulations. The Act requires agencies to analyze the economic impact of draft regulations when there is likely to be a

significant economic impact on a substantial number of small entities and to consider regulatory alternatives that will achieve the agency's goal while minimizing the burden on small entities. CompTIA represents most of the 30,000 to 40,000 small and mid-sized IT companies, more commonly referred to in the industry as Value-Added-Resellers (VARs) and for them, the issue of regulating IP-based data services is of critical importance.

Collectively, VARs account for approximately one-third of the IT economy. The Commission's Inter-carrier compensation reform efforts may have a very direct impact on this segment of the IT economy. We, therefore, strongly support the work of the Small Business Administration's Office of Advocacy in this area and urge you to support their request.

Conclusion: CompTIA believes the Commission should recognize that very significant industrial and technological convergence is occurring between IT and telecommunications sectors and work to develop a relevant policy framework. The Commission's policy of regulatory restraint in Internet services has been successful in fostering and growing a wide range of innovative services from which consumers have benefited enormously. We urge the Commission not to regulate IP-enabled services. Regulating a single IP-enabled application would have a profoundly negative impact on all IP-enabled applications. CompTIA believes it is in the

interest of the both the consumer and the economy to allow this revolutionary technology to continue to grow and yield benefits to our society.